

DEPARTMENT OF WATER RESOURCES

1416 NINTH STREET, P.O. BOX 942836
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(916) 653-5791



April 16, 2013

TO: Distribution List

The Department of Water Resources (DWR) and the State Water Project (SWP) Contractors entered into Water Supply Contracts in the 1960s to provide a water service to the SWP Contractors in exchange for payments that provide for SWP financing, capital construction, improvements, and operations and maintenance of SWP facilities. DWR signed the first contract with Metropolitan Water District of Southern California and that contract extends to the year 2035. The other contracts also have terms that extend to 2035 or just beyond. Several SWP Contractors have expressed interest in extending their contracts beyond the current termination date and amending certain financial provisions. On May 1, 2013, DWR intends to begin negotiations in public with the SWP Contractors to develop the contract amendments and invites all of the SWP Contractors to participate in these negotiations.

Pursuant to a Settlement Agreement of the Monterey Amendment (Settlement), DWR and the SWP Contractors agreed to permit public participation in the negotiation process for certain project-wide amendments to the Water Supply Contracts, including amendments intended to be offered to all SWP Contractors. The Settlement sets forth a number of requirements to assure that the public participation is meaningful for the development of contract amendments, including the opportunity for the public to observe the negotiations and provide comments at each negotiation session. DWR intends to make the negotiations to extend the contracts open to the public, and the public will have the opportunity to observe each negotiation session and to provide both oral and written comments to DWR at the end of each negotiation session. The public will also have an opportunity to submit written comments within 7 days following the negotiation session to which they relate.

DWR has developed a website (www.water.ca.gov/swpao/watercontractextension) to provide background technical information on the contract extension and to provide the public with information about the negotiation sessions, including advance notice of each negotiation session.

DWR has scheduled negotiation sessions to be held on May 1, May 15, May 29, June 12 and June 26, 2013 at the Tsakopoulos Library Galleria, 828 I Street, Sacramento, CA 95814 from 10 am to 3 pm. We may adjourn early if agenda business is completed, or by mutual agreement between DWR and the SWP Contractors.

Please notify Scott Jercich, Program Manager of the Contract Extension Project, at sjercich@water.ca.gov or at (916) 653-2810, of your agency's chief negotiator for the first negotiation session by Thursday, April 25, 2013 if your agency plans to participate in the public negotiations. You may also contact him with questions you may have concerning this letter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Carl A. Torgersen".

Carl A. Torgersen
Deputy Director